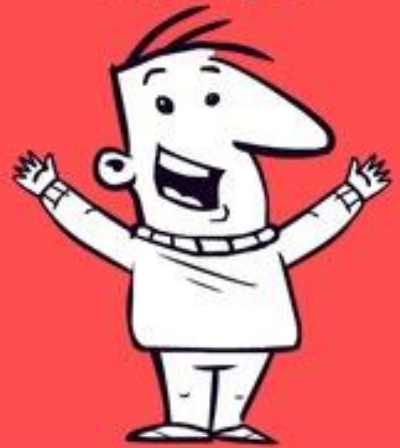
COST-TIME PROFILE

State of Michigan LPI
Methodology Activity

Activity 5



RPM
Reinventing Performance in Michigan
Lean Process Improvement Training


What is Cost-Time Profile?

An activity to obtain an estimate of **COST**  and **TIME**  associated with a process


What is the purpose of Cost-Time Profile?

To **IDENTIFY** 

opportunities for improvement

Cost-Time Profile provides a baseline for

THE CURRENT PROCESS

which helps determine the estimated

COST AND TIME SAVINGS

To understand how to do a Cost-Time Profile, we will first explore a few

KEY details

To do this, consider an

APPLICATION REVIEW PROCESS

HOT = Hands on Time

time spent working on a task

HANDS ON TIME (HOT) EXAMPLE:

Time spent actively reviewing the application and checking for completeness

DT = Delay Time

a period of time where
a task is postponed or
interrupted in a process

DELAY TIME (DT) EXAMPLE:

The delay that occurs when a phone call interrupts the review of an application

WT = Wait Time

the time spent waiting between tasks to occur in a process

WAIT TIME (WT) EXAMPLE:

The time an application is

waiting in an inbox

CT = Cycle Time

the sum of all tasks:

HOT, DT, & WT

in the process from

start to finish

CYCLE TIME (CT) EXAMPLE:

The total time between the submission of an application and the approval of a complete application

Let's see how this looks on paper...

Let's say this is a task (T),
or a process step

Let's add each task (T):

Now let's add the Hands on Time (HOT)

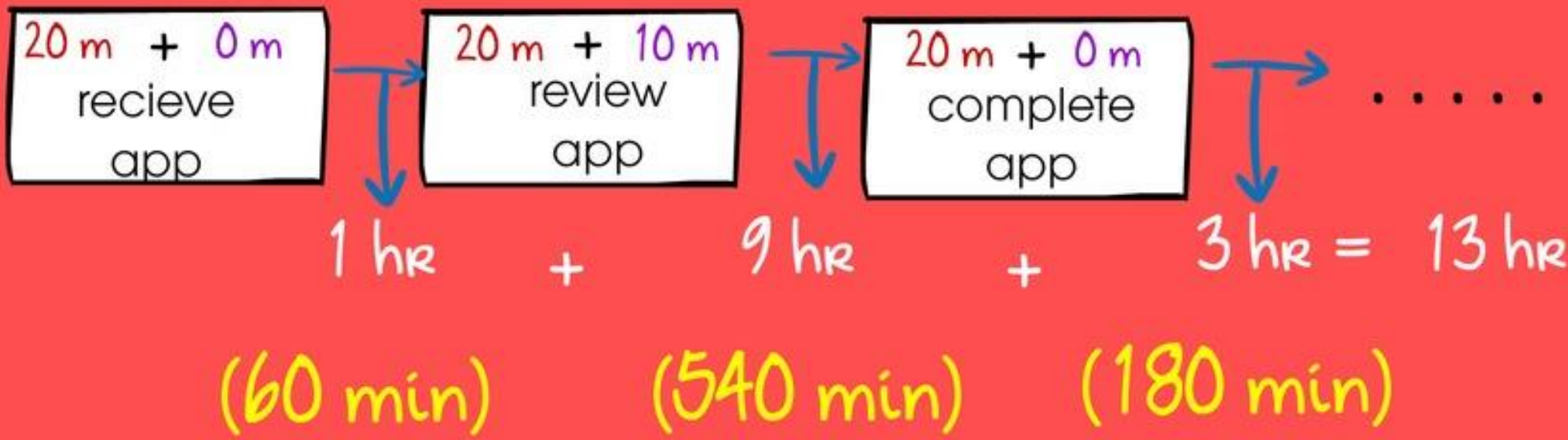
Total HOT time = 20 + 20 + 20 = 60 min OR 1 hr

Now let's add the Delayed Time (DT)...

Now let's add the Wait Time (WT)

= 13 hours

To find the Cycle Time (CT), just add all the time in minutes



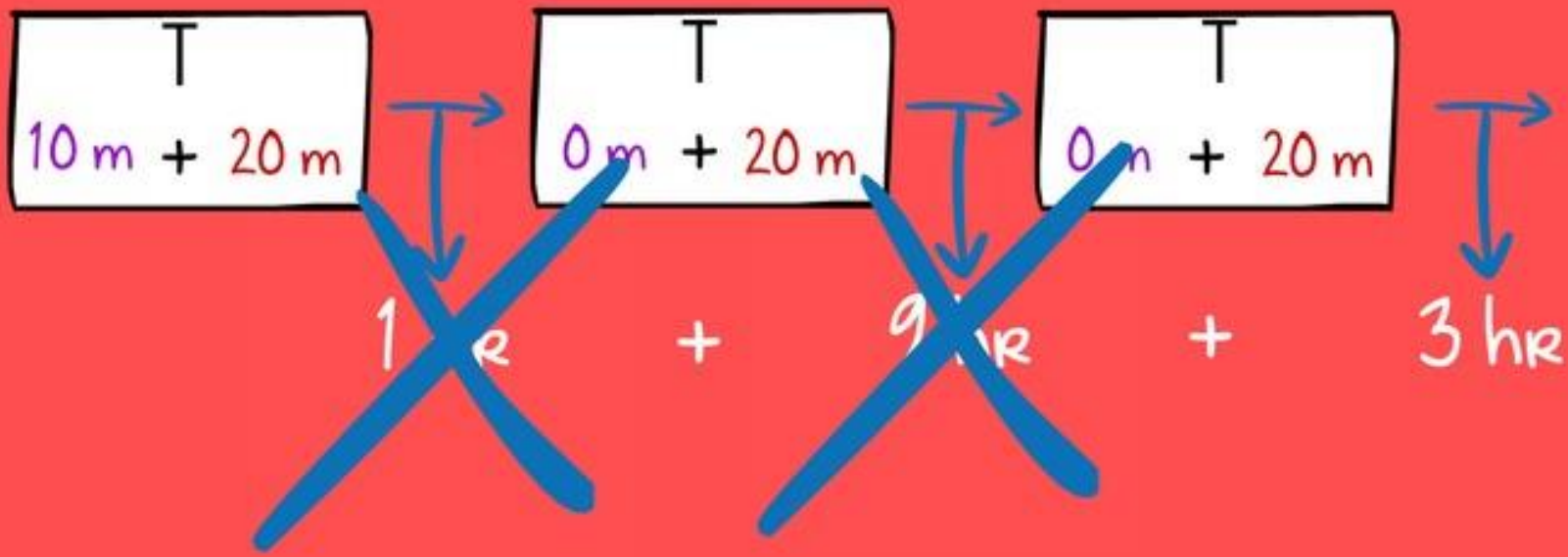
To find the Cycle Time (CT) =HOT + DT + WT (add all the time in minutes)

CT = 20 m + 0 m + 60 m + 20 m + 10 m + 540 m + 20 m + 0 m + 180 m = 850 min

And now...

OPTIONS FOR IMPROVEMENT

REDUCE WAIT TIME



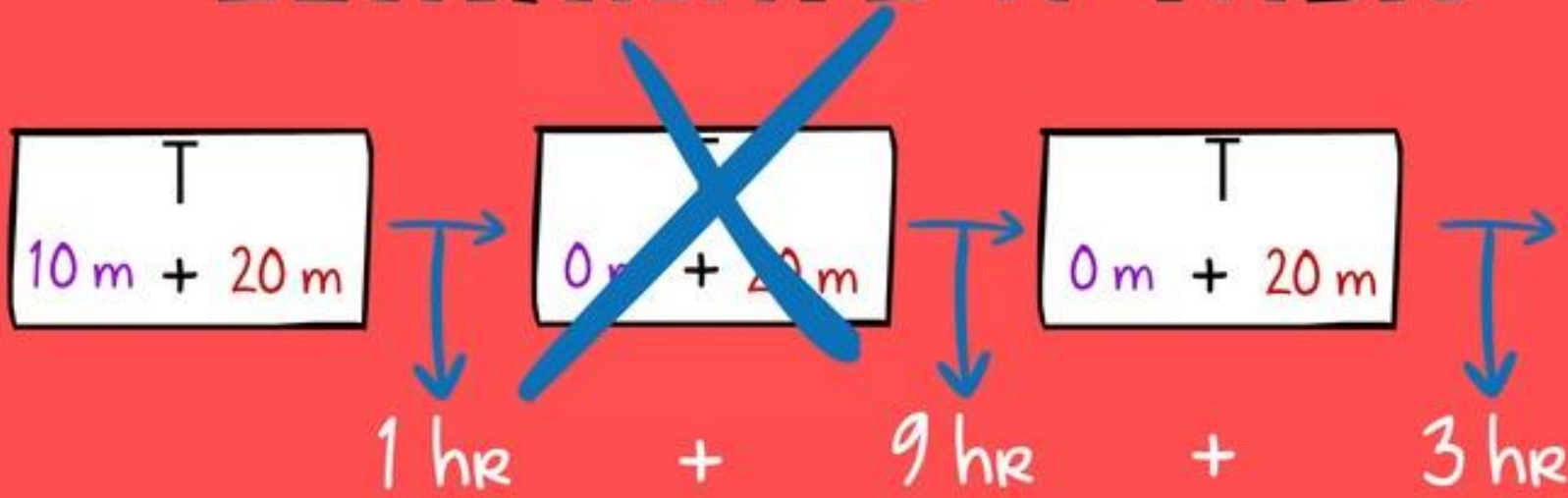
Wait time GONE!

EXAMPLES OF HOW WAIT TIME (WT) COULD BE ELIMINATED

MAIL IN APPLICATION AFTER SIGNATURE

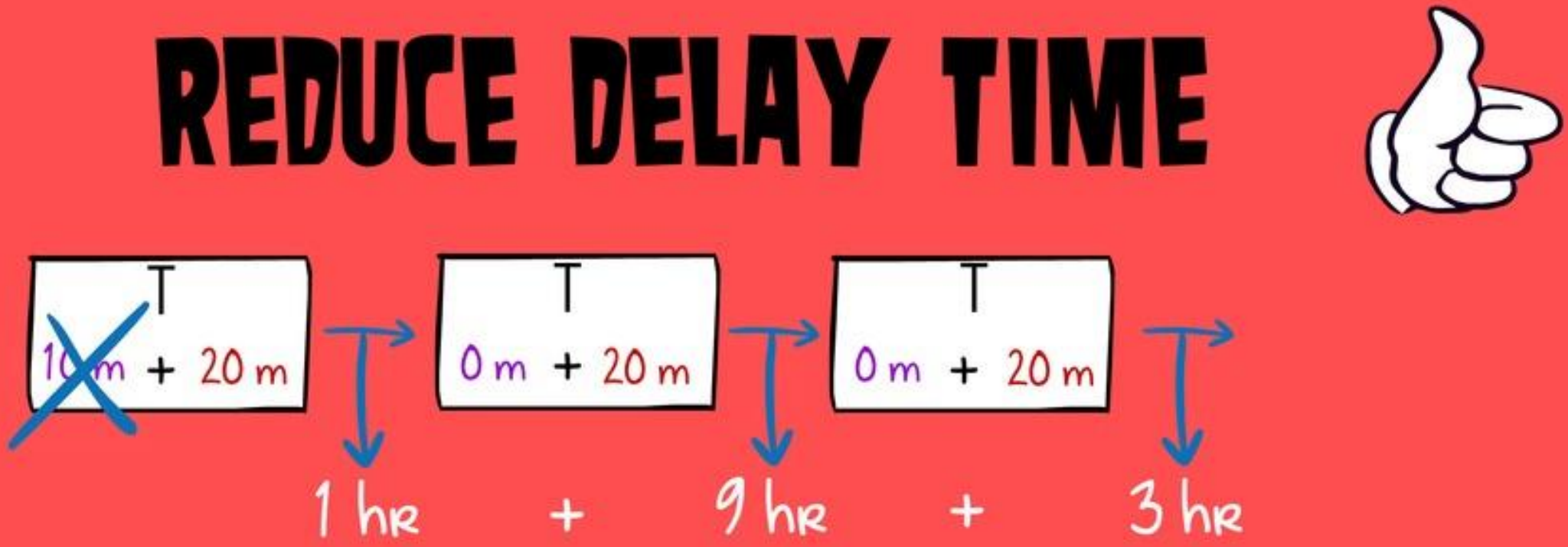
VS

ELIMINATE A TASK



Task is GONE!

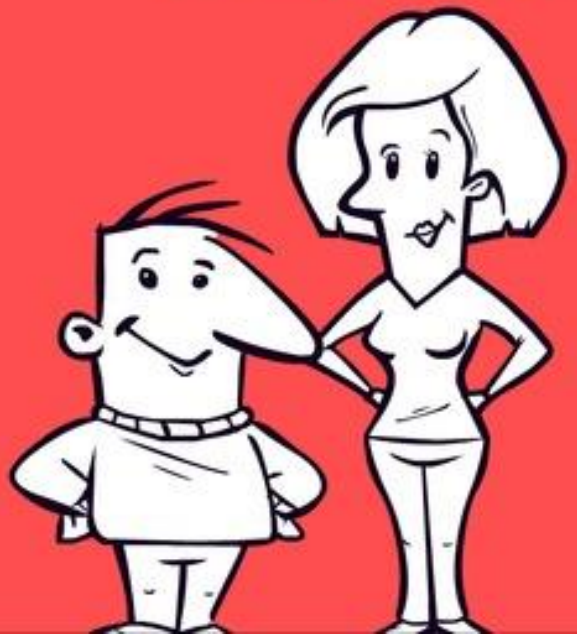
REDUCE DELAY TIME



Delay is GONE!

A Cost Time Profile will help

TEAMS to determine



the versus the

CURRENT

cycle time

FUTURE

cycle time

to show

Now Let's Calculate...

WHO's Rate of Pay/hr

X

Hands on Time

and Cost Calculation

Recieve app

Tech

Review app

Manager

$12.00/hr

$30.00

and Cost Calculation

Recieve app	Review app	Complete app
Tech	Manager	Analyst

$12.00/hr

$30.00/hr

$24.00/hr

Total Cost per job

Tech
$12.00 x 4
hours

= $48
savings per
application

Manager
$30.00 X 6
hours

= $180
savings per
application

Analyst
$24.00 X 8
hours

= $192
savings per
application

Note: there are other costs in a process such as paper, stamps etc. that may need to be included to determine the total cost to process an application

Cost-time Profile help teams to

Eliminate task from a tedious process

Save money

Give teams a chance to ask questions about the process

Reduce Wait & Delayed Time

Click below for the module r d

must complete the su c
completion f

for this module is State of Michigan employees only and the use
rial is the sole responsibility of the audience

RPM
Reinventing Performance in Michigan
Lean Process Improvement Training